

Scott Peterson (Avalara) Comments 7/23/18

My primary issue is that marketplaces and states seem to presume that third-party sellers only sell on marketplaces. Both think all they have done is shift 100% of the tax responsibility from the seller to the marketplace. The opposite is often true.

For many sellers the marketplace is just one of many places the third-party seller is making sales. It is very common that seller has to file a return for their other sales in the same state where the marketplace is collecting and reporting on their behalf. This is terribly confusing to the seller, and greatly complicates whatever process/system they have put into place to deal with their other obligation.

I would love it if states stopped adopting marketplace laws, but if they feel they must, they must include a provision that allows the seller to opt-out of having the marketplace collect if the seller is registered and otherwise collecting.

There are no efficiencies created for the state by having a marketplace collect and remit for a seller that otherwise has to collect and remit. It has been our experience since January 1 that having a marketplace collect for a seller that was already collecting creates confusion and errors that eventually create work for the state.